

PRESIDENTIAL DECREE NO. 1540

**AMENDING SECTION 24(b) (1) OF THE NATIONAL INTERNAL
REVENUE CODE, FOR THE IMPOSITION OF A SPECIAL RATE
OF WITHHOLDING TAX FOR RENTAL, LEASE OR CHARTER
PAYMENTS FOR FOREIGN OWNED VESSELS UNDER CHARTER
OR LEASE TO PHILIPPINE NATIONALS**

WHEREAS, it is A declared national policy to encourage the acquisition of vessels by Philippine nationals for coastwise and international traffic;

WHEREAS, chartering of foreign owned ships is one of the means of acquisition with the least impact on foreign exchange and domestic capital;

WHEREAS, it is necessary to adjust the withholding tax on the consideration for the lease and charter payable to foreign entities at a reasonable level from 35% to 4.5%;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers in me vested by the constitution, do hereby order and decree the following as part of the law of the land.

SECTION 1. Section 24(b) (1) of the National Internal Revenue Code is hereby further amended by the insertion of a subsection which reads as follows;

Subsection (b) (1) (a) – Rentals, lease and charter fees payable to non-resident owners of vessels chartered by Philippine nationals as the term is defined under section 3(c) of Presidential Decree No. 474, and which charter or lease has been duly approved to 4.5% final tax, the return and payment of which shall be in accordance with section 53 and 54 of the National Internal Revenue Code.

SECTION 2. This Decree shall take effect immediately.

Done in the City of Manila, this 11th day of June, in the year of Our Lord, Nineteen Hundred and Seventy- Eight.

(SGD.) FERDINAND E. MARCOS
President of the Philippines

By the President:

(SGD.) JACOBO C. CLAVE
Presidential Executive Assistant

